

Sponsor(s)
LEMOINE
STANLEY

Committee Report
OTP-AM

Amendments Adopted
H-754

Public Law 2003, chapter 588 makes the following changes to the laws governing taxation.

1. It clarifies that the Department of Administrative and Financial Services, Bureau of Revenue Services must preserve electronically transmitted tax returns for at least 3 years, and that returns may be preserved in the form of digital images rather than microfilm reproductions.
2. It adds definitions of "rural community health center" and "school" to the sales and use tax law, repeals language that is definitional in nature from the statute exempting these types of entities and repeals cross-references to the repealed language.
3. It clarifies that the sales tax exemption for sales to contractors of materials that will be incorporated into real estate of an exempt entity includes sales to subcontractors.
4. It replaces outdated references to federal laws and regulations governing air carriers from the sales tax exemption for parts used by scheduled airlines. The existing statute refers to regulations of the Civil Aeronautics Board, which no longer exists, and cites a federal law that has been repealed.
5. It clarifies the application of the exemption provisions in the gasoline tax law.
6. It expands the special fuel tax exemption for kerosene delivered to a separate tank for retail sale to include kerosene prepackaged for home use. The Bureau of Revenue Services is currently applying this interpretation administratively.
7. It corrects the applicable tax years for the provisions relating to the modification of federal adjusted gross income for property eligible for federal bonus depreciation for individual income tax computation purposes.
8. It adds a reference to net operating loss provisions for clarity and consistency with other statutory provisions.
9. It deletes redundant provisions that require taxpayers to make timely payment of income and franchise taxes.
10. It relocates an inappropriately placed requirement to file amended returns into the chapter of law governing the filing of returns, in order to clarify that amended returns are returns for purposes of determining the timeliness of assessments, requests for appeal and refund requests.
11. It repeals a cross-reference to the provision repealed in the Maine Revised Statutes, Title 36, section 5227.
12. It repeals a redundant statute authorizing the State Tax Assessor to name the assessor's employees as agents to collect income taxes.

13. It clarifies the sales tax treatment of sales of products for human consumption through vending machines.
14. It also makes various grammatical changes.

PUBLIC 619 An Act Regarding Wildlife Habitat Conservation LD 827

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUNLAP	OTP-AM MAJ	H-799
EDMONDS	ONTP MIN	

Public Law 2003, chapter 619 clarifies the meaning of “wildlife habitat” for purposes of the farm and open space tax law and requires assessors to consider whether there is a written agreement for the protection of wildlife habitat when determining eligibility for classification under that law.

PUBLIC 625 An Act To Clarify Property Eligible for Reimbursement of Property Taxes under the Business Equipment Tax Reimbursement Program LD 1804

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BOWLES	OTP-AM	H-823
		H-846 LEMOINE

Public Law 2003, chapter 625 excludes gambling machines and devices, including electronic video machines and equipment used in the playing phases of lottery schemes, from eligibility in the business equipment tax reimbursement program.

PUBLIC 682 An Act To Promote Responsible Pet Ownership LD 1763

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COLWELL	OTP-AM	H-727
BRYANT		S-567 CATHCART

Public Law 2003, chapter 682 establishes the Companion Animal Sterilization Fund in the Department of Agriculture and enacts an income tax check-off to permit individual income tax filers to make contributions to the fund. The fund is administered by the Commissioner of Agriculture who is directed

to develop procedures and eligibility standards for awarding subsidies to low-income persons for the spaying or neutering of companion animals.

PUBLIC 686 An Act To Provide for Fair Treatment of Taxpayers LD 1794

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RICHARDSON, J EDMONDS	OTP-AM	H-724 S-568 CATHCART

Public Law 2003, chapter 686 extends the property tax exemption for residential property of persons who are blind to include residential property that is held in a revocable living trust for a person who is blind and who occupies the property as that person's permanent residence.

PUBLIC 698 An Act To Promote the Production and Use of Fuels Derived from LD 1492
Agricultural and Forest Products

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SUSLOVIC	OTP-AM	H-641 S-564 CATHCART

Public Law 2003, chapter 698 provides an income tax credit of 5¢ per gallon of biofuel produced in the State that meets state and federal regulatory requirements. The credit applies only against taxes attributable to income derived from the production of biofuel.

PUBLIC 702 An Act To Provide Equity in Veterans' Property Tax LD 1746
Exemptions

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
THOMPSON HATCH PH	OTP-AM	H-725 H-742 LEMOINE S-566 CATHCART

Public Law 2003, chapter 702 extends to widowers and fathers of veterans the same property tax exemptions that are currently provided to widows and mothers of veterans.

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HALL	OTP-AM	S-422 S-593 CATHCART

Public Law 2003, chapter 703 establishes the Maine Military Family Relief Fund and enacts an income tax check-off to permit individual income tax filers to make contributions to the fund. The fund is administered by the Adjutant General who is authorized to make grants from the fund to families of persons who are members of the Maine National Guard or the armed forces reserves who have been called to active duty. The income tax check-off is repealed December 31, 2007.

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LEMOINE STANLEY	OTP-AM	H-824 S-595 CATHCART

Public Law 2003, chapter 705 made minor substantive changes to the laws governing taxation. Specifically the law does the following.

1. It adds retailers of low-energy fuel to the categories of persons who are subject to revocation of their registration certificate if they fail to comply with a notice to segregate trust fund taxes. The change was inadvertently omitted from legislation enacted in the 119th Legislature that established this new category of licensee under the Special Fuel Tax Act.
2. It eliminates the requirement for processors and shippers of wild blueberries to file an annual application for renewal of certification.
3. It requires persons who purchase more than 2 cartons per month of unstamped cigarettes for personal use to report and pay the cigarette tax directly to the Department of Administrative and Financial Services, Bureau of Revenue Services and clarifies that persons who fail to do so are subject to the same assessment provisions as those liable for other taxes.
4. It adds the federal empowerment zone employment credit to those similar federal credits that are deductible from state income for purposes of calculating Maine taxable income for individuals and corporations and add citations to the specific provisions of the Internal Revenue Code that authorize the credits.
5. It clarifies that premiums paid by self-employed taxpayers for long-term care insurance may be used to reduce Maine taxable income only to the extent that those premiums have not already been deducted in arriving at federal adjusted gross income.

6. It permits access by the Department of Human Services to certain real estate transfer tax information to assist in the recovery of amounts owed the State under the Medicaid program. See also Public Law 2003, chapter 673, section DD-2 which contains the same change.
7. It expands the sales tax exemption for nonprofit residential care facilities to include nonprofit assisted living programs.
8. It updates the State's general conformity with changes in the United States Internal Revenue Code between May 28, 2003 and December 31, 2003, with the exception of provisions related to health savings accounts.

PUBLIC 712

**An Act To Reduce the Cost of Local Government through
Increased State Education Funding and Provide Property Tax
Relief**

LD 1924

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DOUGLASS CUMMINGS	OTP-AM	S-545 S-550 BRENNAN

Public Law 2003, chapter 712 amends the school funding laws to refine the essential programs and services funding approach in preparation for its implementation beginning in fiscal year 2005-06. Specifically, the law accomplishes the following.

1. It provides that by fiscal year 2009-10 the State's share of kindergarten to grade 12 education funding, as described by essential programs and services, must be 55%, and it amends the existing state share percentage targets for fiscal year 2005-06 through fiscal year 2009-10 to provide for the so-called "ramp" necessary to achieve the 55% state share of school funding.
2. It establishes a formula for determination of the maximum local cost share expectation and requires the Commissioner of Education to notify each school administrative unit annually of its local cost share expectation for property tax years beginning on or after April 1, 2005. It also requires that this expectation must decline from 9.0 mills for fiscal year 2005-06 to 8.0 mills for fiscal year 2009-10.
3. It provides that, beginning in fiscal year 2005-06, the legislative body of a school administrative unit may adopt a property tax rate that exceeds its local cost share expectation in a vote separate from the vote taken to adopt the school budgets.
4. It requires that local cost sharing among member municipalities of a school administrative district or community school district be based on pupil count unless a different cost sharing formula has been established by private and special law prior to January 1, 2004.
5. It requires that the transportation operating costs component must be placed in the essential programs and services funding model beginning in fiscal year 2005-06 and must include adjustments to the calculation of these operating costs that reflect the transportation of special education students, vocational education students, and other factors that respond to unique cost

drivers in some school administrative units. It also provides that, beginning in fiscal year 2005-06, an appeals process must be implemented; and further provides that this appeals process may include analyses of other factors beyond cost efficiency and a cost comparison with comparable units.

6. It requires that special education costs will be included in essential programs and services starting in fiscal year 2005-06; it establishes January 1, 2005 as the implementation date for the utilization of state-approved guidelines in the identification of children requiring special education services; and it provides that the Department of Education will provide training to school administrative units in the application of these guidelines beginning in fiscal year 2004-05.
7. It places early childhood education program costs and vocational education program costs into essential programs and services no later than fiscal year 2007-08.
8. It establishes benchmarks and performance indicators for analysis of state and local cost share performance and the impact of the law on local property taxes. It provides for the establishment of the Municipal Budget Analysis Committee for the purpose of providing the Governor and the Legislature with an annual report that analyzes the effectiveness of increased state support for education in reducing the local property tax commitment required to fund the cost of the essential programs and services over the 2005-06 to 2009-10 period.
9. It provides for the delay, by one year to the 2007-2008 school year, of the requirements for school administrative units and certain private high schools to implement standards in the content areas of mathematics, English language arts, health and physical education, science and technology and social studies, including the requirement that high school graduation be determined by student achievement of the standards for these content areas. It also provides for the further delay, by one year to the 2007-2008 school year, of the requirements that school administrative units implement standards in the content areas of career preparation, foreign languages and visual and performing arts.

**P & S 44
EMERGENCY**

**An Act To Establish Municipal Cost Components for Unorganized
Territory Services To Be Rendered in Fiscal Year 2004-2004-05**

LD 1882

Sponsor(s)

Committee Report
OTP-AM

Amendments Adopted
H-837

Private and Special 2003, chapter 44 establishes municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality. The municipal cost components constitute the property tax for the unorganized territory.

Private and Special 2003, chapter 44 was enacted as an emergency measure and took effect April 14, 2004.

CMR 1**RESOLUTION, Proposing a Competing Measure under the Constitution of Maine To Create Municipal Service Districts To Reduce the Cost of Local Government, To Provide Property Tax Relief and To Increase Economic Competitiveness****LD 1629**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LEMOINE	OTP-AM A	H-601
STANLEY	OTP-AM B	H-608 PERCY
	OTP-AM C	S-350 STANLEY
	ONTP D	S-351 GAGNON

Competing Measure Resolution 2003, chapter 1 was adopted in the First Special Session. It set forth a competing measure, pursuant to Article IV, Part 3, Section 18 of the Constitution of Maine, to be placed on the ballot in November 2003 with Initiated Bill 3, An Act to Enact the School Finance Act of 2003. If approved by the voters, the resolution would accomplish the following.

Competing Measure Resolution 2003, chapter 1 set forth a competing measure that would increase the State's share of the cost of funding public education from kindergarten to grade 12 under the essential programs and services funding model to 55% by fiscal year 2009-10. The resolution also established a formula for calculating a maximum local mill rate expectation that would not exceed 10 mills.

The resolution would restore the homestead property tax exemption to \$7,000 for all homesteads.

The resolution would increase benefits and eligibility under the Maine Residents Property Tax Program over 3 years by raising the income eligibility to \$50,000 for single member households and \$75,000 for multiple member households, increasing the maximum benefit to \$2,000 and increasing the portion of rebated taxes between 4% and 8% of income from 50% to 60%.

Neither Initiated Bill 3 nor Competing Measure Resolution 1 received sufficient votes in November 2003 to become law; however, under the terms of the Maine Constitution, Initiated Bill 3, receiving the highest number of votes, will be submitted to the voters again by itself in June 2004.

RESOLVE 104**Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory****LD 1703**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STANLEY	OTP	
LEMOINE		

Resolve 2003, chapter 104 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory that were acquired for nonpayment of property taxes.

RESOLVE 108**Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the City of Auburn****LD 1807**Sponsor(s)
LEMOINE
STANLEYCommittee Report
OTP-AMAmendments Adopted
H-700

Resolve 2003, chapter 108 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate located in the City of Auburn acquired under the elderly property tax deferral program.

**RESOLVE 115
EMERGENCY****Resolve, Regarding Legislative Review of Chapter 31:
Affordable Housing Development District - Recovery of Public Revenue, a Major Substantive Rule of the Maine State Housing Authority****LD 1850**Sponsor(s)Committee Report
OTPAmendments Adopted

Resolve 2003, chapter 115 authorizes the Maine State Housing Authority to adopt Chapter 31: Affordable Housing Development District - Recovery of Public Revenue, a major substantive rule.

Resolve 2003, chapter 115 was finally passed as an emergency measure and took effect March 24, 2004.

RESOLVE 123**Resolve, To Reduce the State Valuation for the Town of East Millinocket****LD 1895**Sponsor(s)
STANLEY
DUPREY, GCommittee ReportAmendments Adopted
S-439

Resolve 2003, chapter 123 authorizes the Town of East Millinocket to seek an adjustment of its state valuation for the year 2004 without meeting the August 1st filing deadline set forth in current law.

Sponsor(s)
CATHCART
CARR

Committee Report

Amendments Adopted
S-440

Resolve 2003, chapter 124 authorizes the Town of Lincoln to request a reduction in its 2005 state valuation based on a sudden and severe disruption of valuation, caused by the bankruptcy of Eastern Pulp and Paper Co., pursuant to the Maine Revised Statutes, Title 36, section 208-A.